

B U S I N E S S S I T U A T I O N

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ECONOMIC GROWTH slowed in the fourth quarter of 1995, according to the "advance" estimates of the national income and product accounts (NIPA's). Real gross domestic product (GDP) increased 0.9 percent after increasing 3.6 percent in the third quarter. In the first and second quarters, GDP had increased 0.6 percent and 0.5 percent, respectively (**chart 1** and **table 1**).¹

Real gross domestic purchases decreased 0.2 percent in the fourth quarter after increasing 2.8 percent in the third. Unlike GDP, gross domestic purchases includes imports and excludes exports. Exports of goods and services increased even more strongly in the fourth quarter than in the third, and imports changed little after a small increase.

The weak economic performance in the fourth quarter was evident in most major components except nonresidential investment. Personal consumption expenditures (PCE) decelerated; purchases of nondurables goods decreased after increasing in the third quarter, and purchases of durable goods and of services increased less than in the third quarter. Inventory investment turned down, primarily reflecting manufacturing

and merchant wholesale trade inventories. Government consumption expenditures and gross investment decreased more than in the third quarter; about one-third of the fourth-quarter decline was accounted for by shutdowns of the Federal Government in mid-November and late December, which resulted in a reduction in services provided by Government employees—as measured by hours worked. Residential investment also decelerated. In contrast, nonresidential investment increased a little faster than in the third quarter, as a pickup in producers' durable equipment, mainly in computers, more than offset a slowdown in structures.

The gross-domestic-purchases price index increased 2.0 percent after increasing 1.7 percent. Prices paid by the Federal Government accelerated sharply, reflecting the effect of the Federal Government shutdowns. The price of employee services purchased by the Federal Government increased; as a result of the shutdowns, the hours worked by Federal employees were reduced, but their compensation was not, because they were paid for the furloughed time. The GDP price index increased 2.2 percent in both quarters.

Motor vehicles.—Motor vehicle output increased 12.7 percent in the fourth quarter after no change

1. Quarterly estimates in the NIPA's are expressed at seasonally adjusted annual rates, and quarterly changes are differences between these rates. Quarter-to-quarter percent changes are annualized. Real estimates are expressed in chained (1992) dollars. Price indexes are chain-type indexes.

Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers: Change From Preceding Period

| | Billions of chained (1992) dollars | | | | | | Percent | | | | | | | |
|--|------------------------------------|--------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------|------|
| | 1994 | 1995 | 1995 | | | | 1994 | 1995 | 1995 | | | | 1994 | 1995 |
| | | | I | II | III | IV | | | I | II | III | IV | | |
| Gross domestic product | 220.4 | 136.6 | 10.3 | 7.8 | 58.9 | 15.5 | 3.5 | 2.1 | 0.6 | 0.5 | 3.6 | 0.9 | | |
| <i>Less:</i> Exports of goods and services | 54.5 | 59.6 | 4.8 | 8.5 | 14.8 | 20.5 | 8.3 | 8.3 | 2.6 | 4.6 | 8.0 | 10.9 | | |
| <i>Plus:</i> Imports of goods and services | 88.3 | 65.0 | 18.1 | 16.3 | 2.2 | .3 | 12.0 | 7.9 | 8.7 | 7.7 | 1.0 | .1 | | |
| Equals: Gross domestic purchases | 252.4 | 141.2 | 22.9 | 15.1 | 47.4 | -4.1 | 3.9 | 2.1 | 1.4 | .9 | 2.8 | -2 | | |
| <i>Less:</i> Change in business inventories | 39.8 | -24.2 | -2.8 | -23.9 | 2.6 | -12.8 | | | | | | | | |
| Equals: Final sales to domestic purchasers | 213.2 | 164.0 | 24.8 | 37.2 | 44.5 | 11.0 | 3.3 | 2.5 | 1.5 | 2.2 | 2.6 | .6 | | |
| Personal consumption expenditures | 131.4 | 106.3 | 8.6 | 37.9 | 31.6 | 9.3 | 3.0 | 2.4 | .8 | 3.4 | 2.8 | .8 | | |
| Private nonresidential fixed investment | 58.5 | 64.2 | 24.7 | 6.2 | 9.1 | 11.0 | 9.8 | 9.9 | 15.3 | 3.6 | 5.2 | 6.2 | | |
| Private residential investment | 26.2 | -6.4 | -4.4 | -9.3 | 5.7 | 2.9 | 10.8 | -2.4 | -6.3 | -13.3 | 9.2 | 4.5 | | |
| Government consumption expenditures and gross investment | -6 | 1.1 | -3.6 | 2.8 | -2.2 | -11.9 | 0 | .1 | -1.1 | .9 | -7 | -3.7 | | |
| Addendum: | | | | | | | | | | | | | | |
| Final sales of domestic product | 183.4 | 159.2 | 12.3 | 29.9 | 55.9 | 30.6 | 2.9 | 2.4 | .7 | 1.8 | 3.4 | 1.8 | | |

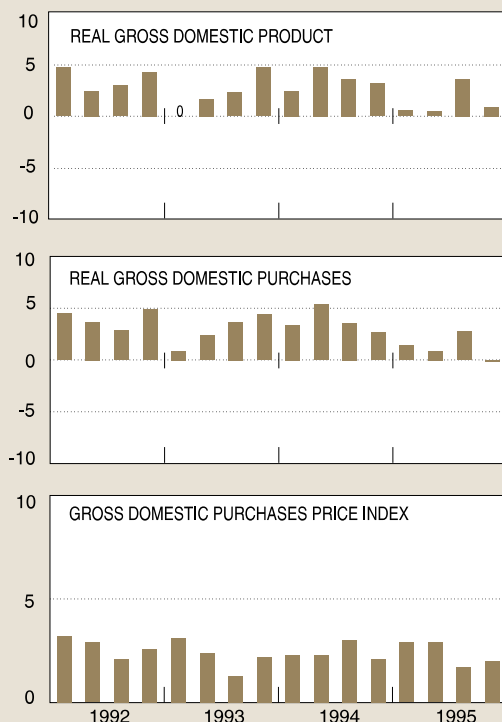
NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive.

Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are found in NIPA tables 1.2, 1.4, and 1.6. Percent changes are found in table 8.1.

CHART 1

Selected Measures: Change From Preceding Quarter

Percent



Note—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

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in the third (table 2). Most of the increase was accounted for by truck output, which had decreased in the three preceding quarters.

Final sales of motor vehicles to domestic purchasers decreased 5.6 percent in the fourth quarter after increasing 10.6 percent in the third. Auto sales more than accounted for the decrease; truck sales increased in the fourth quarter despite short supplies of many popular light truck models.

Sales to consumers decreased after increasing in the third quarter. Auto sales more than accounted for the fourth-quarter decrease. Factors frequently considered in the analyses of consumer spending were mixed in the fourth quarter: The unemployment rate was unchanged at 5.6 percent, real disposable personal income growth slowed to 3.4 percent, and the Index of Consumer Sentiment (prepared by the University of Michigan's Survey Research Center) decreased but remained high. Among factors specific to motor vehicle purchases, interest rates on new-vehicle loans declined for the second consecutive quarter, and manufacturers' sales-incentive programs were about as attractive in the fourth quarter as in the third.

Sales to businesses decreased in the fourth quarter; autos accounted for most of this decrease. Sales to government rebounded in the fourth quarter, reflecting truck sales.

Both imports and exports decreased in the fourth quarter. Autos accounted for most of both

Table 2.—Motor Vehicle Output, Sales, and Inventories

[Seasonally adjusted at annual rates]

| | Billions of chained (1992) dollars | | | | | Percent change from preceding quarter | | | |
|---|------------------------------------|-------------------------------|--------------|--------------|-------------|---------------------------------------|--------------|--------------|--------------|
| | Level | Change from preceding quarter | | | | 1995 | | | |
| | | 1995 | | | | I | II | III | IV |
| | | 1995:IV | I | II | III | | | | |
| Output | 237.7 | -5.3 | -13.6 | 0 | 7.1 | -8.2 | -20.5 | 0 | 12.7 |
| Autos | 121.1 | -3.4 | -13.4 | 4.3 | 1.5 | -9.8 | -35.5 | 15.9 | 4.9 |
| Trucks | 116.4 | -1.9 | -3 | -4.2 | 5.5 | -6.3 | -1.0 | -14.0 | 21.6 |
| Less: Exports | 21.7 | 2.4 | -2.3 | 1.9 | -2.7 | 51.1 | -32.1 | 38.2 | -38.0 |
| Autos | 14.4 | 1.8 | -1.8 | 1.7 | -2.6 | 55.1 | -35.7 | 52.7 | -48.8 |
| Trucks | 7.3 | .6 | -5 | .2 | -1 | 42.8 | -23.7 | 11.0 | -7.0 |
| Plus: Imports | 62.9 | 1.0 | -8 | -4.6 | -6.7 | 5.8 | -4.2 | -22.9 | -33.0 |
| Autos | 51.6 | .7 | -1 | -4.8 | -6.2 | 5.0 | -5 | -27.8 | -36.1 |
| Trucks | 11.3 | .3 | -7 | .2 | -5 | 10.2 | -21.5 | 8.5 | -16.0 |
| Equals: Gross domestic purchases | 278.9 | -6.6 | -12.2 | -6.3 | 3.0 | -8.4 | -15.6 | -8.7 | 4.5 |
| Autos | 158.3 | -4.3 | -11.7 | -2.2 | -2.1 | -9.3 | -24.3 | -5.2 | -5.3 |
| Trucks | 120.5 | -2.3 | -5 | -4.2 | 5.2 | -7.1 | -1.7 | -13.4 | 19.3 |
| Less: Change in business inventories | -2.0 | 5.8 | -11.5 | -13.4 | 7.2 | ..... | ..... | ..... | ..... |
| Autos | -2.4 | 5.8 | -14.2 | -9.8 | 7.7 | ..... | ..... | ..... | ..... |
| Trucks | .5 | 0 | 2.7 | -3.7 | -3 | ..... | ..... | ..... | ..... |
| Equals: Final sales to domestic purchasers | 281.0 | -12.4 | -5 | 7.0 | -4.0 | -16.1 | -7 | 10.6 | -5.6 |
| Autos | 160.8 | -10.3 | 2.8 | 7.6 | -9.7 | -22.0 | 7.1 | 20.1 | -21.0 |
| Trucks | 120.0 | -2.3 | -3.2 | -6 | 5.6 | -7.2 | -10.5 | -1.9 | 21.1 |

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the correspond-

ing chained-dollar estimates usually are not additive. Chained (1992) dollar levels for motor vehicle output, autos and trucks output, and residuals, which measure the extent of nonadditivity in each table, are found in NIPA tables 1.4, 8.5, and 8.7.

decreases; the decline in auto imports in recent periods partly reflects the continued shift of production by foreign manufacturers from overseas to U.S. transplants.²

The fourth-quarter increase in motor vehicle inventory investment was more than accounted for by both new and used autos. For new domestic autos, the inventory-sales ratio, which is calculated from units data, edged up to 2.6 from 2.5; the industry traditionally has targeted a ratio of 2.4.

Prices

The price index for gross domestic purchases, which measures the prices paid for goods and services purchased by U.S. residents, increased 2.0 percent in the fourth quarter after increasing 1.7 percent in the third (chart 2 and table 3). Most of the acceleration was accounted for by a sharp jump in Federal Government nondefense prices, which largely resulted from the shutdowns of the Government.

PCE prices increased 1.8 percent after increasing 1.5 percent; prices of most PCE components increased more in the fourth quarter than in the third. Food prices increased 2.4 percent after increasing 2.0 percent; prices of beef and veal and of milk turned up, and prices of pork, other meat, eggs, and cereals accelerated. Housing prices increased 3.7 percent after increasing 3.0 percent, and apparel prices increased 1.6 percent after increasing 0.4 percent. Energy prices decreased 4.1

percent after decreasing 5.5 percent; gasoline and oil prices decreased less than in the third quarter.

Prices of nonresidential fixed investment were unchanged after increasing 2.0 percent in the third quarter. Prices of structures decelerated, and prices of producers' durable equipment (PDE) turned down; in PDE, computers and peripheral equipment prices declined more than in the third quarter, transportation and related equipment prices were unchanged after an increase, and industrial equipment prices slowed. Prices of residential investment increased 2.3 percent after increasing 2.9 percent.

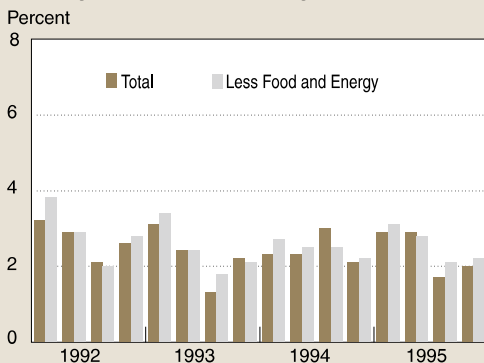
Prices of government consumption expenditures and gross investment increased 3.9 percent after increasing 2.1 percent. Prices paid by the Federal Government increased 6.7 percent after increasing 1.7 percent; the step-up primarily reflected the effects of the Federal Government shutdowns. Prices paid by State and local governments increased 2.1 percent after increasing 2.3 percent.

The GDP price index, which measures the prices paid for goods and services produced in the United States, increased 2.2 percent in the fourth quarter, the same as in the third. The GDP price index, unlike the price index for gross domestic purchases, includes the prices of exports and excludes the prices of imports. Export prices decreased 0.5 percent after increasing 0.8 percent in the third quarter; industrial supplies and materials accounted for most of the downturn. Import

2. "Transplants" are foreign-owned factories in North America.

CHART 2

Gross Domestic Purchases Prices : Change From Preceding Quarter



Note—Percent change at annual rate from preceding quarter, based on seasonally adjusted index numbers (1992=100).

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Table 3.—Price Indexes

[Percent change at annual rates; based on seasonally adjusted index numbers (1992=100)]

| | 1995 | | | |
|--|------------|------------|------------|------------|
| | I | II | III | IV |
| Gross domestic product | 3.3 | 2.5 | 2.2 | 2.2 |
| Less: Exports of goods and services | 5.8 | 5.3 | .8 | -.5 |
| Plus: Imports of goods and services | 2.1 | 8.9 | -2.2 | -1.7 |
| Equals: Gross domestic purchases | 2.9 | 2.9 | 1.7 | 2.0 |
| Less: Change in business inventories ..... | ..... | ..... | ..... | ..... |
| Equals: Final sales to domestic purchasers | 2.9 | 2.9 | 1.7 | 2.0 |
| Personal consumption expenditures | 2.7 | 2.8 | 1.5 | 1.8 |
| Food | 1.6 | 3.0 | 2.0 | 2.4 |
| Energy | .8 | 2.6 | -5.5 | -4.1 |
| Other personal consumption expenditures | 3.0 | 2.7 | 1.9 | 2.0 |
| Private nonresidential fixed investment | .1 | 2.8 | 2.0 | 0 |
| Structures | 2.4 | 2.9 | 3.8 | 1.8 |
| Producers' durable equipment | -7 | 2.7 | 1.4 | -6 |
| Private residential investment | 2.2 | 2.6 | 2.9 | 2.3 |
| Government consumption expenditures and gross investment | 5.1 | 3.3 | 2.1 | 3.9 |
| Federal | 6.2 | 3.2 | 1.7 | 6.7 |
| National defense | 5.6 | 4.4 | 1.0 | 2.9 |
| Nondefense | 7.5 | .7 | 3.2 | 15.1 |
| State and local | 4.4 | 3.3 | 2.3 | 2.1 |

NOTE.—Percent changes in major aggregates are found in NIPA table 8.1. Most index number levels are found in tables 7.1 and 7.2.

prices decreased 1.7 percent after decreasing 2.2 percent; petroleum prices decreased slightly after falling sharply in the third quarter.

Personal income

Real disposable personal income (DPI) increased 3.4 percent in the fourth quarter after increasing 4.5 percent in the third ([chart 3](#)).³ Current-dollar DPI increased 5.0 percent after increasing 6.0 percent; the deceleration was mainly accounted for by a smaller increase in wages and salary

3. Information in this section is based on NIPA estimates that were released on February 23. Revised monthly estimates of personal income and outlays were released on March 4; the revised estimates will be incorporated into the final fourth-quarter NIPA estimates, which will be released on April 2.

Table 4.—Personal Income and Its Disposition

(Billions of dollars; seasonally adjusted at annual rates)

| | Level | Change from preceding quarter | | | |
|--|----------------|-------------------------------|--------------|-------------|-------------|
| | | 1995 | | | |
| | | IV | I | II | III |
| Wage and salary disbursements | 3,481.8 | 43.1 | 31.7 | 49.0 | 39.5 |
| Private industries | 2,854.9 | 35.1 | 28.4 | 44.5 | 36.7 |
| Commodity-producing industries | 863.8 | 10.2 | -1.2 | 4.9 | 3.9 |
| Manufacturing | 644.8 | 7.4 | -2.9 | 2.4 | 1.9 |
| Other | 219.0 | 2.8 | 1.7 | 2.5 | 2.0 |
| Distributive industries | 808.5 | 6.1 | 9.8 | 16.8 | 13.1 |
| Service industries | 1,182.5 | 18.6 | 19.8 | 22.8 | 19.7 |
| Government | 626.9 | 8.0 | 3.3 | 4.5 | 2.8 |
| Other labor income | 430.2 | 9.9 | 4.3 | 3.9 | 4.3 |
| Proprietors' income | 485.2 | 2.6 | 2.7 | 4.9 | 5.6 |
| Farm | 30.6 | -3.8 | -9 | 5 | 2.5 |
| Nonfarm | 454.7 | 6.4 | 3.6 | 4.4 | 3.2 |
| Rental income of persons | 125.7 | -1.3 | 1.0 | -7 | 4.8 |
| Personal dividend income | 221.7 | 2.8 | 2.7 | 3.6 | 5.9 |
| Personal interest income | 724.2 | 23.5 | 12.0 | 3.6 | 6.7 |
| Transfer payments to persons | 1,041.4 | 27.7 | 14.4 | 13.1 | 11.5 |
| Less: Personal contributions for social insurance | 299.4 | 6.7 | 2.5 | 3.5 | 3.2 |
| Personal income | 6,210.9 | 101.6 | 66.4 | 73.7 | 75.3 |
| Less: Personal tax and nontax payments | 808.3 | 21.9 | 31.5 | -3.1 | 9.9 |
| Equals: Disposable personal income | 5,402.5 | 79.7 | 34.9 | 76.8 | 65.3 |
| Less: Personal outlays | 5,137.2 | 44.3 | 76.8 | 55.6 | 32.6 |
| Equals: Personal saving | 265.4 | 35.5 | -41.9 | 21.2 | 32.8 |
| Addenda: Special factors in personal income: | | | | | |
| In wages and salaries: | | | | | |
| Federal Government and Postal Service pay adjustments, including "buyouts" | | 3.5 | -9 | 0 | -1 |
| In other labor income: | | | | | |
| Employer pension contributions | | 6.3 | 0 | 0 | 0 |
| In nonfarm proprietors' income: | | | | | |
| Due to Hurricane Opal | | | | | -2 |
| In rental income: | | | | | |
| Due to Hurricane Opal | | | | | -1.7 |
| In transfer payments to persons: | | | | | |
| Social security retroactive payments | | -1.2 | .3 | -1 | 1.0 |
| Earned Income Tax Credit payments | | 3.6 | 0 | 0 | 0 |
| In personal tax and nontax payments: | | | | | |
| Recent tax law changes | | 5.0 | 17.2 | -16.7 | -1 |

NOTE.—Most dollar levels are found in NIPA table 2.1. Information in this table is based on NIPA estimates released February 23. Revised monthly estimates of personal income and outlays were released on March 4; the revised estimates will be incorporated into the final fourth-quarter NIPA estimates, which will be released on April 2.

I/A Inventory valuation adjustment

CCAdj Capital consumption adjustment

disbursements and by a larger increase in personal tax and nontax payments (these payments are subtracted in the calculation of DPI). The personal saving rate—saving as a percentage of current-dollar DPI—jumped to 4.9 percent, the highest level since the fourth quarter of 1992, from 4.4 percent.

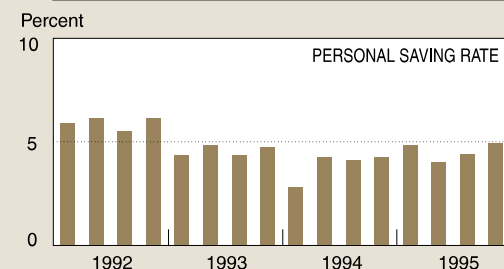
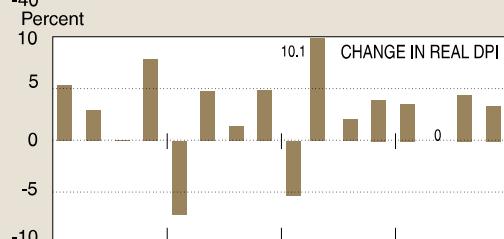
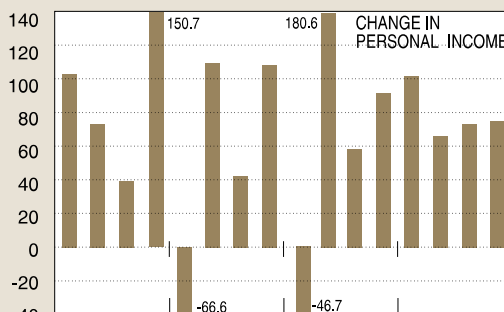
Personal income increased \$75.3 billion, about the same as in the third quarter; a deceleration in wage and salary disbursements was offset by step-ups in rental income of persons, personal interest income, and personal dividend income ([table 4](#)).

Wage and salary disbursements increased \$39.5 billion after increasing \$49.0 billion. The deceleration was widespread by industry, but it was most pronounced in the distributive and the service industries. In the fourth quarter, hours worked declined, and employment and average hourly earnings increased.

CHART 3

Selected Personal Income and Saving Measures

Billions \$



NOTE.—Changes are from preceding quarter, based on seasonally adjusted annual rates.

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Rental income of persons increased \$4.8 billion after decreasing \$0.7 billion; the upturn reflected a deceleration in expenses and an acceleration in rental payments. Personal interest income increased \$6.7 billion after increasing \$3.6 billion; the acceleration reflected a slightly larger increase in financial assets held by consumers in the fourth quarter than in the third and a smaller decline in interest rates in the fourth quarter than in the third. Personal dividend income increased \$5.9 billion after increasing \$3.6 billion.

Personal tax and nontax payments increased \$9.9 billion after decreasing \$3.1 billion. The third-quarter decrease primarily reflected the return to a normal level of Federal tax payments after a large second-quarter increase, which was the result of recent tax law changes.

The Year 1995

Production growth moderated, income growth strengthened, and inflation remained low in 1995.

Real GDP increased 2.1 percent, down from a 3.5-percent increase in 1994; the 1995 increase was the smallest of the past 4 years. Real DPI increased 3.3 percent, up from a 2.3-percent increase; most of the 1995 increase, which was the largest since 1988, was accounted for by sizable increases in current-dollar wage and salary disbursements, interest income, and transfer payments. In current dollars, personal saving increased to 4.5 percent of DPI from 3.8 percent in 1994. The price index for gross domestic purchases increased 2.5 percent, up from a 2.2-percent increase.

Most of the deceleration in real GDP was accounted for by a downturn in inventory investment. The change in business inventories fell in 1995 after jumping sharply in 1994. Despite the downturn in inventory investment, the ratio of inventories to final sales of domestic business was slightly higher at the end of 1995 than at the end of 1994.

PCE and residential investment also contributed to the deceleration in GDP. PCE increased 2.4

Fourth-Quarter 1995 Advance GDP Estimate: Source Data and Assumptions

The advance GDP estimate for the fourth quarter was released nearly a month later than usual as a result of two Federal Government shutdowns and weather-related delays. Consequently, this estimate of fourth-quarter GDP incorporated more source data than are usually available for an advance estimate, and fewer BEA assumptions were needed to prepare it.

This estimate is based on the following major source data, some of which are subject to revision. (The number of months for which data were available is shown in parentheses.)

Personal consumption expenditures: Sales of retail stores (3) and unit auto and truck sales (3);

Nonresidential fixed investment: Unit auto and truck sales (3), construction put in place (3), manufacturers' shipments of machinery and equipment (3), and exports and imports of machinery and equipment (2);

Residential investment: Construction put in place (3) and housing starts (3);

Change in business inventories: Manufacturing and merchant wholesale trade inventories (3), unit auto and truck inventories (3), and retail trade inventories except automotive dealers (2).

Net exports of goods and services: Exports and imports of goods and services (2);

Government consumption expenditures and gross investment: Department of Defense outlays (3), other Federal outlays (3), State and local construction put in place (3), State and local employment (3); and the Employment Cost Index for the quarter.

GDP prices: Consumer Price Index (3), Producer Price Index (3), price indexes for nonpetroleum merchandise exports and imports (3), and values and quantities of petroleum imports (2).

BEA made assumptions for the source data that were not available. Table A shows the assumptions for key series; a more comprehensive listing of assumptions is available on the Department of Commerce's Economic Bulletin Board or from BEA.

Table A.—Summary of Major Data Assumptions for Advance Estimates, 1995:IV

[Billions of dollars, seasonally adjusted at annual rates]

| | 1995 | | | | | |
|---|--------|--------|-----------|---------|----------|-----------------------|
| | July | August | September | October | November | December ¹ |
| Change in business inventories nonfarm: | | | | | | |
| Change in inventories, retail trade except automotive dealers | -2.6 | 36.4 | 7.5 | 17.2 | 8.2 | 10.9 |
| Net exports: | | | | | | |
| Exports of goods: | | | | | | |
| U.S. exports of goods, balance-of-payments basis | 556.5 | 589.0 | 597.3 | 587.8 | 592.9 | 600.0 |
| Imports of goods: | | | | | | |
| U.S. imports of goods, balance-of-payments basis | 751.2 | 751.1 | 762.3 | 752.7 | 742.6 | 744.5 |
| Net export of goods (exports less imports) | -194.7 | -162.1 | -165.0 | -164.9 | -149.7 | -144.5 |

1. Assumed.


percent after increasing 3.0 percent, despite the step-up in real *DPI*. Residential investment decreased 2.4 percent after increasing 10.8 percent. Single-family construction more than accounted for the decrease; multifamily construction and "other" residential investment increased.

In contrast, nonresidential fixed investment increased 9.9 percent, about the same as in 1994. Structures increased 7.5 percent after increasing 1.5 percent. *PDE* increased 10.7 percent after increasing 13.2 percent; information processing equipment accounted for about two-thirds of the 1995 increase.

The continued strength in investment spending was consistent with a number of developments. Interest rates declined; the yield on new high-grade corporate bonds decreased to 7.17 percent from 7.57 percent. Corporate profits (in current dollars) in the first three quarters of the year averaged 12.9 percent more than in the first three quarters of 1994.⁴ In contrast, the capac-

ity utilization rate in manufacturing decreased to 82.9 percent in 1995 from 83.6 percent in 1994, and final sales of domestic product increased 2.4 percent after increasing 2.9 percent.

Exports of goods and services increased 8.3 percent, the same as in 1994; exports of goods accelerated slightly, and exports of services decelerated. Imports of goods and services increased 7.9 percent after increasing 12.0 percent; imports of both goods and services decelerated. Most of the 1995 increase in both exports and imports was accounted for by nonautomotive capital goods.

Government consumption expenditures and gross investment was virtually unchanged in both 1995 and 1994. Federal defense consumption and investment decreased 5.0 percent, about the same as in 1994, and Federal nondefense consumption and investment was unchanged after a small decrease. State and local government consumption and investment increased 2.4 percent, about the same as in 1994. 

4. Estimates of corporate profits for the fourth quarter of 1995 are not yet available.